

14 October 2016

Review of Local Government Rating System
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

IPART Review of Local Government Rating System

The Australian Logistics Council (ALC) appreciates the opportunity to provide feedback on IPART's Review of Local Government Rating System.

By way of background, ALC is the peak body for Australia's logistics industry, representing the major Australian logistics customers, providers, infrastructure owners and suppliers.

ALC believes that as far as possible the taxation policies of governments should not create market distortions that could affect consumer choice of transport mode.

Page 80 of the Review states:

If our draft recommendations to base exemptions on land use, not ownership, and make land used for commercial activities or residential purposes rateable were adopted, some land uses would remain exempt, while others would become rateable. Table 6.1 provides examples of the likely impact of our broad recommendations on current exemptions.

Table 6.1 recommends freight rail lines should become rateable, presumably on the basis it is 'land used for commercial activities'.

Freight rail lines are the infrastructure that permits trains to move, in much the same way as roads permit motor vehicles to move.

The operators of toll-roads operated under concession from the NSW Government for commercial gain do not pay rates, nor does the NSW Government pay a proxy amount to councils these roads travel through.

The broad application of the concept of competitive neutrality between entities providing services to a market should therefore be considered by IPART in framing its final conclusions.

ALC also notes the NSW Government has a target to double the proportion of container freight movement by rail through NSW Ports by 2020¹, which currently sits at approximately 18% (year to date).

Adoption of such a recommendation would threaten the capacity for the Government to meet its freight on rail goal – created in part by the wish to improve the amenity of residents of council areas to reduce the level of freight carried by heavy vehicles.

¹ NSW 2021 – A Plan to Make NSW Number One, Page 39

http://www.ipc.nsw.gov.au/sites/default/files/file_manager/NSW2021_WEBVERSION.pdf

Finally, it should be noted that linear infrastructure (such as rail lines, arterial roads, electricity lines etc.) facilitate broader commercial activity.

Local governments benefit from the rates generated by these commercial activities.

Introducing rates on linear infrastructure, such as freight rail, reduces commercial activity and thus reduces the rates generated by these commercial activities.

For these reasons, ALC believes that this recommendation be reconsidered, with a view to abandoning it.

Please contact me on 0418 627 995 or at Michael.kilgariff@austlogistics.com.au should you wish to discuss this submission further.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Michael Kilgariff', with a large, stylized flourish at the end.

MICHAEL KILGARIFF
Managing Director